

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF MISSISSIPPI

3
4 IN RE: SLABBED NEW MEDIA, LLC
5 CASE NO. 15-50963-KMS

Exhibit "K"

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8
9 FIRST CONFIRMATION HEARING
10 TESTIMONY OF DOUGLAS HANDSHOE

11 Before the Honorable Katherine M. Samson
12 United States Bankruptcy Judge
13 Gulfport, Mississippi
June 2, 2016

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15 REPRESENTING THE U.S. TRUSTEE:

16 Mr. Christopher Steiskal (by video)

17 REPRESENTING THE DEBTOR:

18 Mr. Craig Geno
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1 DOUGLAS HANDSHOE,
2 being first duly sworn, testified as follows:

3 DIRECT EXAMINATION

4 BY MR. GENO:

5 Q Mr. Handshoe, state your full name
6 for the record, please, sir.

7 A Douglas Kyle Handshoe.

8 Q What is your business address?

9 A 110 Hall Street, Wiggins,
10 Mississippi.

11 Q Mr. Handshoe, tell the court your
12 formal educational background briefly, please,
13 sir.

14 A Got a high school degree from
15 St. Stanislaus, honors diploma from The University
16 of Southern Mississippi, majoring in accounting.
17 And that's pretty much the formal education. 25
18 years-plus as a practicing CPA. Lot of school of
19 hard knocks through that time, but there's....

20 Q When did you obtain your Certified
21 Public Accountant license?

22 A Actually obtained the license in 1993
23 after I fulfilled the experience requirements
24 associated with getting it.

25 Q And have you been engaged in the

1 practice of general public accounting since that
2 time?

3 A Yes.

4 Q Do you have any specialties or
5 special areas in which your practice concentrates,
6 or are you in simply the general practice of
7 public accounting?

8 A My practice has historically been
9 centered on auditing, including some forensic
10 auditing, a lot of K-12s here in Mississippi, a
11 bit of higher education, and a lot of construction
12 companies.

13 Q Has your work experience branched out
14 into other areas in the recent past other than
15 public accounting?

16 A Yes.

17 Q Tell us about that.

18 A After the hurricane, when insurance
19 became so topical down here as people were trying
20 to get their policies honored, that became a
21 tremendous area of interest, both in the news and
22 for myself personally. And out of that, and
23 learning about not only the policies but the
24 litigation behind it -- and Lord, there's been a
25 lot; some of it's still going on -- got drawn into

1 actually blogging about the insurance litigation
2 here on the Coast after Katrina, also the similar
3 litigation that happened in Louisiana, which they
4 were affected by Katrina, Rita, those storms. So
5 it actually turned into a regional-type subject
6 with that active 2005 hurricane season and
7 policyholders pretty much fighting that same
8 battle from Florida all the way over to Texas.

9 Q So did it start out as sort of a
10 hobby and morphed into something more?

11 A Be hard-pressed to call it a hobby.
12 More of kind of like a civics project more so than
13 a hobby. We closely coordinated with Gene
14 Taylor's office. At that time Gene was working
15 very hard to get some insurance solutions through
16 Congress. And, of course, as a part of that, we
17 met a lot of the attorneys, the plaintiffs'
18 attorneys, the Rigsby sisters.

19 So a little bit more than a hobby.
20 Much more as a civic -- you know, trying to give
21 back a little bit. We were very fortunate. We
22 got paid on our insurance, all of our policies
23 after the hurricane, so we were just trying to
24 give back and help the community a little bit any
25 way we could.

1 Q How did your blogging civics project
2 develop after some of the hurricane issues had
3 been resolved or had been blogged about
4 extensively?

5 A Yeah. In about 2009 some other
6 issues came up, including the political corruption
7 scandal in Jefferson Parish that's really the root
8 of all the lawsuits that I'm dealing with; the oil
9 spill in 2010, with some of the coverage that we
10 did. And at that time there was a nice lady from
11 Central Mississippi who was also publishing
12 articles.

13 Out of the oil spill we had some
14 national recognition for some of the work that we
15 did related to that and some of the complex
16 multi-district litigation that was happening over
17 in New Orleans with the drill moratorium and those
18 sorts of things. Seems like the topics never
19 stopped coming after that point; but with the
20 insurance battle largely wrapping up, we turned
21 our attention to the numerous public corruption
22 scandals that were in the area.

23 Q Did you obtain a domain name?

24 A Could you repeat that?

25 Q Did you obtain a domain name?

1 A Yes, I did, in 2010. We were hosted
2 with WordPress, which was a free blogging service
3 based out of San Francisco. And in 2010 we kind
4 of decided that we needed to go to a more formal
5 URL name. Instead of Slabbed at WordPress dot
6 com, we reserved our own domain, Slabbed dot org.
7 And I did that, if I recall, in February of 2010,
8 about a year and a couple of months before the LLC
9 was actually formed.

10 Q Who owned the domain name initially?

11 A I did.

12 Q And when did you form Slabbed New
13 Media, LLC?

14 A In April of 2011.

15 Q Did you personally transfer, then,
16 the domain name into Slabbed New Media?

17 A Yes.

18 Q Has it owned it since that time?

19 A Yes.

20 Q Describe for us the business
21 activities that you engaged in after obtaining the
22 domain name, and then after you transferred it to
23 Slabbed New Media, its business activities.

24 A The domain itself, registering the
25 domain is, like, a \$20 a year activity. It's not

1 a whole lot. But when you have to go execute a
2 hosting arrangement with an actual web host to
3 hold your files, there begins to be some cost. We
4 had always split the Pacer account previous to
5 formation in terms of the money, but that became a
6 pretty good-sized expense.

7 So in 2011 we started to solicit
8 reader support, not so much advertising but just
9 asking the readers, If you like what you see and
10 you want to support the mission, send some money
11 in and that will help us pay for the web
12 registration and the monthly cost with the web
13 host, the Pacer account, those sorts of things.

14 And revenue pretty well did cover
15 those costs. Through time, was able to show small
16 profits in 2012, which was really -- January 2012
17 was when we really got started in earnest trying
18 to make money for the LLC to cover these costs.
19 And we were able to make a couple or \$300 a year
20 in 2012, 2013.

21 Q Is Slabbed New Media a for-profit or
22 a not-for-profit entity?

23 A A for-profit.

24 Q Was it your intent from the beginning
25 to make money at Slabbed New Media?

1 A Yes. Yes. As an accountant I don't
2 believe in loss leaders.

3 Q Has Slabbed New Media always filed
4 its own separate tax return?

5 A well, since it was a sole-owned LLC,
6 it filed as part of my personal tax filing, but it
7 did file its own Schedule Cs, yes.

8 Q Tell us about some of the
9 investigative reporting work that Slabbed New
10 Media did after it was created.

11 A well, aside from the insurances and
12 the insurance battles, we covered the Jefferson
13 Parish political corruption scandal, which ended
14 up lasting a total of three years from its time in
15 the media until it culminated in convictions and
16 people going to jail.

17 The oil spill in 2010 which I
18 previously mentioned, we got national recognition
19 with what we did there.

20 In 2012 the Mississippi Department of
21 Marine Resources scandal was a real big news item
22 here on the Coast. And we were able to do some
23 reporting, not just regurgitating what the
24 newspapers and the TV were saying, but actually we
25 were able to bring out some things that was

1 original to that particular public corruption
2 scandal. A couple of the items resulted in state
3 prosecutions for, I believe, Kerwin Cuevas in
4 particular, a gentleman who was charged with a
5 multitude of things, but essentially he was giving
6 no-bid contracts to a company owned by his
7 brother-in-law without disclosing it.

8 Q Did you also -- or did Slabbed New
9 Media also investigate the corruption scandals in
10 Jefferson Parish, Louisiana?

11 A Oh, yes. In depth. We got a lot of
12 press recognition regionally out of that. Slabbed
13 dot org has been cited several times in the *Times*
14 *Picayune*, the *New Orleans Advocate*. I was -- I
15 appeared on WVUE, Channel 8, and gave an interview
16 in 2010. And we did a lot of work in that area.

17 Q After Slabbed New Media was created
18 and formed, Mr. Handshoe, have you personally
19 worked for it?

20 A Yes. Yes.

21 Q Are you the principal and major
22 employee of Slabbed New Media?

23 A Yes.

24 Q Has all of the investigative
25 reporting work and blogging that you personally

1 have performed since Slabbed New Media was
2 incorporated and created, have been done and
3 dedicated to the furtherance of the Slabbed New
4 Media business?

5 A Correct. Yes, sir.

6 Q Do you do any investigative reporting
7 or blogging on your own?

8 A No, I do not.

9 Q Since Slabbed New Media was formed,
10 have you done investigative reporting and blogging
11 only as an employee and principal of Slabbed New
12 Media?

13 A Yes.

14 Q When did the lawsuits start getting
15 filed?

16 A The threats actually started to come
17 in April of 2011. Mr. Leary, Mr. Perret, Mr. Abel
18 had already sued the *Times Picayune* and Channel 8
19 by that time. I started to get anonymous threat
20 letters in the mail. Unbeknownst to me they used
21 the Fox 8 case they had filed up in Canada to try
22 to get information on my commenters. Despite the
23 fact that they knew who I was, I was never given
24 notice of those proceedings.

25 In August of 2011 they filed the

1 first of what was three defamation suits up in
2 Canada. The August 2011 suit was the one that
3 Judge Guirola decided under the SPEECH Act.

4 During the pendency of that SPEECH
5 Act case, in December of 2012 they filed a second
6 lawsuit against myself and against a former web
7 host, Automattic. They ended up dropping that
8 suit in January of 2013, and they refiled another
9 suit against me for defamation and copyright
10 infringement in Canada. It's the judgments
11 related to that case that form the basis of my
12 indemnity. So it really doesn't have anything to
13 do with the first case. It's actually the -- the
14 pair of judgments that came out of the third case
15 that was filed in Canada.

16 Q Were the activities that you were
17 charged with in those Canadian lawsuits activities
18 that you were performing as a principal and
19 employee of Slabbed New Media or on your own?

20 A Oh, no. They was all connected to
21 what was on Slabbed New Media and in connection
22 with my work on Slabbed New Media.

23 Q And was litigation instituted --
24 affirmative litigation instituted against Trout
25 Point Lodge and others in the Southern District of

1 Mississippi, Case No. 1:12cv90?

2 A That's correct. That's the SPEECH
3 Act case, the removal of their attempt to enroll
4 the first defamation judgment.

5 Q And was that claim filed by you
6 individually or by Slabbed New Media?

7 A The judgments that came from Canada
8 were in my name, so the removal was done in my
9 name, and that's how that case was styled.

10 Q Did you individually recover a claim
11 in that case for \$48,000 for fees and costs?

12 A That's correct. Yes.

13 Q Did you initially assign that claim
14 to -- or that judgment receivable to one of your
15 attorneys and one of Slabbed New Media's
16 attorneys?

17 A That's correct.

18 Q What's his name?

19 A Jack Bobby Truitt. Everyone calls
20 him Bobby.

21 Q And did Mr. Truitt assign that claim
22 back to you?

23 A Yes, he did.

24 Q And did you transfer it to Slabbed
25 New Media?

1 A Yes.

2 MR. GENO: May I approach the
3 witness, Your Honor?

4 THE COURT: Yes.

5 BY MR. GENO:

6 Q Mr. Handshoe, I have handed you a
7 copy of the schedules in this case, and
8 particularly Schedule B of the schedules. Do you
9 recognize those documents?

10 A Yes, sir, I do.

11 Q Is the judgment receivable in the
12 district court case, Southern District of
13 Mississippi, Trout Point Lodge, et al., against
14 you, listed as an asset of Slabbed New Media under
15 question 18, which asks for other liquidated debt
16 owing to debtor?

17 A Yes.

18 Q And the current value of that claim?

19 A Still \$48,000.

20 Q Thank you.

21 MR. GENO: Your Honor, we ask that
22 the schedules be marked and entered as Debtor's
23 Exhibit 1.

24 THE COURT: Admitted as Exhibit 1.

25 (Debtor's Exhibit 1 received in evidence.)

1 BY MR. GENO:

2 Q And is it Slabbed New Media's intent,
3 Mr. Handshoe, to pursue collection of that claim
4 in the event the court sees fit to confirm the
5 Plan?

6 A Yes.

7 Q And will the proceeds of that claim
8 be dedicated to paying the unsecured creditors in
9 this case?

10 A Yes.

11 Q You've talked about the Canadian
12 law --

13 (Transcriber's note: first audio
14 file ended)

15 Q -- and the claim that Slabbed New
16 Media has back as a result of that. What other
17 lawsuits have been filed?

18 A After -- in January of '13,
19 concurrent with Trout Point suing me up in Canada
20 and Mr. Leary and Mr. Perret, Daniel Abel, who's
21 also a partner in Trout Point, filed a defamation
22 lawsuit in the federal courts over there against
23 myself and one of the sources of the reporting
24 that we had on Jefferson Parish, a lady by the
25 name of Anne Marie Vandenweghe, who was actually a

1 resident of Mississippi at that time. Mr. Abel
2 voluntarily dismissed that suit the day before it
3 was due to be heard under the Louisiana anti-SLAPP
4 statute. We had moved to strike his Complaint.

5 He then refiled that Complaint in the
6 New Orleans Civil District Court. Not only did he
7 sue myself, Ms. Vandenweghe. He sued Bobby
8 Truitt. He also sued the lawyers with -- oh, heck
9 -- Scott Sternberg and his crew that had signed on
10 to represent me in the federal court case, the
11 folks with Baldwin Haspel who had agreed to
12 represent me in that case. Of course, he sued
13 them to conflict them out.

14 Q Were the activities complained of in
15 both those lawsuits against you conducted as an
16 employee and a principal and an owner of Slabbed
17 New Media?

18 A Yes. Yes. And not only that. They
19 also duplicated allegations that were in the first
20 Canadian suit. It was -- about half of that suit
21 was just a replay of the first suit in Canada that
22 Judge Guirola refused to extend comity on.

23 Q What is the status of that litigation
24 currently?

25 A The last movement in it was Mr. Abel

1 was supposed to be deposed. They set a date in
2 February. He filed a motion to quash his
3 deposition. Mr. Truitt, who was pushing that,
4 filed a motion to compel him for a deposition.
5 The judge sided with Truitt. A date was set in
6 March of this year for Mr. Abel to sit for his
7 deposition, and he did not show up for his
8 deposition. Instead he filed another motion to
9 quash.

10 So that case really has not moved a
11 whole lot from the day he filed it in May of 2013
12 to today. He has not done -- the case has not
13 advanced procedurally where I've even had to file
14 an Answer in that case. So it's, in reality, at a
15 very early stage.

16 Q Is that a case in which you have made
17 demand back against Slabbed New Media for
18 indemnification?

19 A Yes.

20 MR. GENO: May I approach the
21 witness, Your Honor?

22 THE COURT: Yes.

23 BY MR. GENO:

24 Q Mr. Handshoe, I've handed you a copy
25 of the Operating Agreement of Slabbed New Media,

1 LLC. Can you identify that for us, please, sir?

2 A Yes. This is the Operating Agreement
3 for Slabbed New Media.

4 Q Does it contain in Section 16 an
5 indemnification provision?

6 A Yes, it does.

7 Q And does that provision require
8 what's referred to as the Company, Slabbed New
9 Media, to indemnify any member, manager or other
10 person from and against any and all claims and
11 demands whatsoever?

12 A Yes.

13 Q Is there an exclusion in the
14 indemnity if a judgment or other final
15 adjudication adverse to the indemnity established
16 that the employee or manager was guilty of acts
17 committed in bad faith or the result of active and
18 deliberate dishonesty?

19 A Yes.

20 Q Are any of the acts that are
21 complained of by any of these claimants against
22 you -- were any of those actions done with
23 deliberate dishonesty or in bad faith by you?

24 A No.

25 Q Were they all done for and on behalf

1 of your -- and in furtherance of your employment
2 and your ownership of Slabbed New Media?

3 A Yes.

4 MR. GENO: Your Honor, we would ask
5 that the Operating Agreement of Slabbed New Media
6 be marked and entered as Debtor's Exhibit 2.

7 THE COURT: Admitted as Exhibit 2.

8 (Debtor's Exhibit 2 received in evidence.)

9 BY MR. GENO:

10 Q Are there other litigations, Mr.
11 Handshoe, that are being actively pursued arising
12 out of your employment and ownership of Slabbed
13 New Media?

14 A Yes. The Yount case in Jefferson
15 Parish where Slabbed New Media is actually named
16 as one of the defendants.

17 Q And what's the status of that case?

18 A It's really kind of the same as the
19 case that Abel has in the CDC. At an early stage
20 an Answer was filed within a few days before the
21 filing of the Chapter 11. Hasn't advanced since
22 that time. We filed motions to strike under
23 Louisiana's anti-SLAPP statute. The judge
24 sustained those.

25 As Judge Samson pointed out, those

1 anti-SLAPP strikes were reversed by the Fifth
2 Circuit Court of Appeals. I did not appeal the
3 decision. Bobby Truitt, who left a comment on my
4 blog about a court document, did appeal; and he
5 was denied. And that's really where that case
6 sits, at a pretty early procedural stage. There
7 could be other exceptions that could have
8 occurred, for instance, before I even would have
9 had to have filed an Answer, but there's really
10 nothing happened with that case for the past, at
11 least, year.

12 Q I take it Mr. Truitt was also sued as
13 a defendant in that case, along with you?

14 A Yes. Yes. To conflict him out.

15 Q And along with Slabbed Media?

16 A Yes.

17 Q And were the actions that are
18 complained of by the plaintiff in that case
19 against you done and conducted for and in
20 furtherance of your role as an employee and owner
21 of Slabbed New Media?

22 A Yes.

23 Q Is that also one of the cases for
24 which you have made demand against Slabbed New
25 Media for indemnification?

1 A Yes.

2 Q Is there any other litigation that
3 has been filed against you or against Slabbed New
4 Media, Mr. Handshoe, arising out of your
5 activities as an employee and/or an owner of
6 Slabbed New Media?

7 A Not to my knowledge.

8 Q Are there claims or causes of action
9 that you believe Slabbed New Media has arising out
10 of some of this litigation that it will pursue?

11 A Yes. The Yount case, we asserted
12 counterclaims for abuse of process related to the
13 suing of Mr. Truitt, amongst other things.

14 There is also unasserted claims. I
15 personally have a 17 U.S. Code 512(f) action
16 outstanding right now related to DMC takedown
17 notices that were submitted by the Trout Point
18 group over the course of the past three years
19 which I -- everything is under the statute of
20 limitations. Several claims related to those
21 takedown notices are out there.

22 Slabbed New Media has just had a
23 devil of a time finding legal help because my
24 lawyers seem to get sued by these guys with
25 regularity.

1 Q Is that one of the purposes of filing
2 this Chapter 11 case, so that Slabbed New Media
3 can hopefully obtain counsel when some of these
4 claims are taken care of in the bankruptcy case?

5 A Yes.

6 Q And is it one of its purposes in
7 filing bankruptcy to rid itself of some of these
8 claims that are out there or threaten to be out
9 there so it could start up its blogging and its
10 investigative reporting business again?

11 A And more than that, to grow it. I
12 had actually had discussions with a fairly
13 prominent journalist here on the Coast about
14 coming to work for Slabbed New Media. The
15 propensity of everybody to get sued by the same
16 group of people for the mere act of association
17 has had a tremendously chilling affect on my
18 ability to attract anyone to help me.

19 There was a court hearing in Yount in
20 March of last year, the height of tax season. And
21 my spouse represented Slabbed at that particular
22 hearing, in a sealed proceeding. Yount was
23 sealed. And that evening there was a blog called
24 RealMalice that covered those sealed proceedings
25 and threatened my wife and Connie Montgomery with

1 a lawsuit. An anonymous blog, but someone who was
2 in that courtroom obviously had to have written
3 that entry.

4 Q Tell us who Connie Montgomery is.

5 A Pardon me?

6 Q Tell us who Connie Montgomery is.

7 A Ms. Montgomery is a very brave lady
8 who agreed to represent both myself and Slabbed
9 New Media in the CDC case that Mr. Abel had filed
10 and in the Jefferson Parish case that Mr. Abel
11 filed for Yount against Slabbed.

12 Q And is Ms. Montgomery one of the
13 unsecured creditors in this case?

14 A Yes.

15 Q Along with Mr. Truitt.

16 A Yes.

17 Q Are there any other claims or causes
18 of action on behalf of Slabbed New Media,
19 Mr. Handshoe, that it intends to pursue in the
20 event the court sees fit to confirm the Plan in
21 this case?

22 A Possibly -- quite possibly a
23 malicious prosecution case, depending on how the
24 Yount case is resolved, in particular.

25 Q Have there been threats of litigation

1 against Slabbed New Media that have not yet been
2 filed?

3 A No.

4 Q Are you concerned that absent a
5 discharge of any claims by any of these creditors
6 or plaintiffs you've talked about, that they may
7 end up filing claims against Slabbed New Media?

8 A Perhaps, yes.

9 Q Has that had a chilling effect on the
10 Slabbed New Media business and its ability to
11 attract counsel?

12 A Oh, without a doubt.

13 Q And is that one of the advantages you
14 hope to achieve by obtaining a Plan of
15 Reorganization -- a confirmed Plan of
16 Reorganization here?

17 A Yeah, that's correct, sir.

18 Q Mr. Handshoe, in the event there are
19 no funds forthcoming in the first anniversary of
20 the effective date of the Plan, if the court sees
21 fit to confirm it, and there are no profits -- net
22 operating profits from Slabbed New Media in that
23 same time frame, have you agreed to contribute
24 \$10,000 to the reorganization for and on behalf of
25 the unsecured creditors?

1 A Yes.

2 Q Mr. Handshoe, has this case and the
3 Plan of Reorganization pending before the court
4 been filed in good faith?

5 A Yes.

6 Q Tell us what you hope to accomplish
7 by getting -- what Slabbed New Media hopes to
8 accomplish by getting a Plan confirmed here.

9 A well, I'd like to try, to the extent
10 possible, wrap all the litigation up into a
11 package and dispose of it so that the LLC can be
12 in a position to move forward, hire -- actually
13 hire a journalist, which is my big goal, and to
14 operate not only -- to operate freely, to be able
15 to have counsel engaged where there's not going to
16 be a threat that these guys are going to sue them
17 just to conflict them out and send a message that
18 anybody that associates with me is going to get
19 sued. That's really kind of the big goal, is to
20 be able to move the business on to the next stage
21 and hopefully grow it.

22 Q Do you believe in good faith that the
23 business can grow and operate at a meaningful
24 profit?

25 A Yes.

1 Q Has it satisfied the rules of the
2 Internal Revenue Service to be a profitable
3 business and not be deemed a hobby since it was
4 created?

5 A Yes. Yes, it has.

6 Q In your view, is the Plan feasible?
7 In other words, can Slabbed New Media make the
8 payments that it has promised to make under the
9 terms of its Plan and under your agreement to
10 contribute funds to it if it does not raise those
11 funds in the first year?

12 A Yes.

13 Q In the event the court sees fit to
14 confirm the Plan, are your creditors getting at
15 least as much as they would get in a Chapter 7
16 case?

17 A They'd get more.

18 Q In the event the court sees fit to
19 confirm the Plan, do you feel there would be a
20 need for further reorganization or a liquidation
21 of any of the Slabbed New Media assets other than
22 its claims and causes of action which you plan to
23 liquidate?

24 A No.

25 MR. GENO: Your Honor, I don't have

1 any further examination of Mr. Handshoe at this
2 time, but I do have some additional exhibits I'd
3 like to put into the record --

4 THE COURT: Okay.

5 MR. GENO: -- that are all, I
6 believe, pleadings that already exist.

7 THE COURT: There's no reason for you
8 to put those in the record as separate exhibits to
9 this hearing. You can just announce that you're
10 relying on anything -- these are all docket
11 pleadings?

12 MR. GENO: They are, Your Honor.

13 THE COURT: There's no -- we're just
14 going to re-upload them, and so there's really no
15 reason to do that. Why don't you just announce
16 what you're relying on --

17 MR. GENO: Thank you, Your Honor.

18 THE COURT: -- instead of us
19 re-uploading them all.

20 MR. GENO: The Disclosure Statement,
21 which is Docket No. 73. The Plan of
22 Reorganization, which is Docket No. 72. The Order
23 conditionally approving the Disclosure Statement
24 and setting the Plan for objections, time for
25 ballots, Docket No. 80. The Certificate of

1 Service, Docket No. 82, certifying that the Order
2 approving the Disclosure Statement conditionally,
3 the Disclosure Statement itself, the Plan of
4 Reorganization, Notice of Hearing and a ballot
5 have been submitted to creditors and parties in
6 interest.

7 And then lastly, the Ballot Summary
8 and Certification certifying that all creditors
9 voting in Class 3, which is an impaired class,
10 voted to accept the Plan of Reorganization 100
11 percent in number of creditors voting and in 100
12 percent of dollar amounts. Included in that
13 Ballot Summary, Your Honor, is Mr. Handshoe's
14 ballot; but if it is not considered or if it is
15 certified, the other ballots also all vote to
16 accept the Plan 100 percent in number of creditors
17 voting and 100 percent of dollar amounts.

18 THE COURT: Okay.

19 MR. GENO: Thank you, Mr. Handshoe.
20 No further questions of this witness.

21 THE COURT: Mr. Steiskal, do you have
22 some questions for Mr. Handshoe?

23 MR. STEISKAL: Briefly, Your Honor,
24 if I may. May it please the court, once again,
25 Chris Steiskal for the U.S. Trustee.

1 CROSS-EXAMINATION

2 BY MR. STEISKAL:

3 Q Good afternoon, Mr. Handshoe. How
4 are you today?

5 THE COURT: Hang on one second. Can
6 you see him on your screen?

7 THE WITNESS: No, ma'am, it's not on.
8 (Off-record discussion).

9 THE COURT: Okay.

10 BY MR. STEISKAL:

11 Q Mr. Handshoe, can you hear me okay?

12 A Yes, I can.

13 Q Mr. Handshoe, is Slabbed New Media
14 currently profitable?

15 A This year it has not turned a profit
16 at this point. I have not done any sort of heavy
17 fundraising pushes so far this year. Typically do
18 that in the late spring or early summer.

19 Q And why are you waiting to do it in
20 the summer?

21 A Mainly it's just a question of time.
22 I'm a one-man band with two businesses, and in
23 order to -- my experience is to maximize reader
24 donations, you have to roll the request for money
25 out with a pretty good hard-hitting investigative

1 series, which I have one in progress that I'm
2 working on right now.

3 Q Do you know what the net profits for
4 Slabbed New Media was for 2015?

5 A Pre-petition, there would have been a
6 big loss because I paid a good-sized retainer to
7 Mr. Geno. Post-petition, I believe the company
8 made over \$1,000. Actually, it would have
9 qualified as its best year ever.

10 Q And Mr. Geno referred and you
11 testified regarding the Slabbed Operating
12 Agreement, which I believe has been admitted as
13 Exhibit 2. Is that correct?

14 A Yes, sir.

15 Q who drafted that agreement?

16 A I did.

17 Q Mr. Handshoe, do you currently take a
18 salary or any kind of distribution from Slabbed
19 New Media?

20 A Not since we filed the Chapter 11
21 petition. Before that I typically took
22 distributions at the end of the year based upon
23 profitability.

24 Q And do you recall how much those
25 distributions were for the last couple of years

1 prior to the bankruptcy being filed?

2 A Somewhere between 4- and \$600 a year.

3 Q If you're required to make the
4 \$10,000 contribution to pay creditors in this case
5 after one year from the confirmation anniversary,
6 where will those funds come from?

7 A Out of my personal money.

8 Q And is that from your CPA work?

9 A Yes, primarily. That's my primary
10 source of income. That's correct.

11 MR. STEISKAL: Thank you, Your Honor.
12 That's all the questions I have.

13 THE COURT: Okay. Mr. Geno?

14 MR. GENO: Just one in redirect, Your
15 Honor.

16 REDIRECT EXAMINATION

17 BY MR. GENO:

18 Q Mr. Handshoe, have you backed off or
19 not been as active, maybe a better way to state
20 it, in raising money and contacting donors because
21 you fear they may get sued by some of these
22 claimants?

23 A Without a doubt, if the names of my
24 donors got out, they would be threatened, without
25 a doubt.

1 Q Thank you.

2 MR. GENO: Nothing further, Your
3 Honor.

4 THE COURT: Okay. Mr. Handshoe, you
5 can step down. Thank you.

6 MR. GENO: Your Honor, that concludes
7 our presentation.

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11 CERTIFICATE OF TRANSCRIPTIONIST

12 I, Carol Winstead Gray, hereby certify that I
13 have transcribed the foregoing 30 pages, and
14 including this page, to the best of my ability
15 from an audio recording of the proceeding.

16 This the 28th day of December, 2018.

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18 /s/ Carol Winstead Gray

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